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SUBJECT: Trade Minister on TPP - The Hour Is Not Yet Here

CLASSIFIED BY: Robert Clarke, Charge d'Affaires; REASON: 1.4(B), (D)

¶1. (C) Summary. During a September 16 introductory call on Tim Groser, Minister for Trade and the Associate Minister for Climate Change Issues and Conservation, the ChargC) emphasized his desire to help the bilateral relationship continue on an upward path. Groser assured that he also wanted to see the relationship move forward on all fronts and that the ChargC) would always have full access to his office. Groser volunteered his understanding that the moment for a U.S. trade agreement with New Zealand was not yet at hand, and he expressed his firm belief that the U.S. Administration would move forward on expanding multilateral trade when the timing is right. Turning to climate change, Groser said that New Zealand is in a unique position as the only developed country with the largest proportion of its greenhouse emissions coming from the agriculture sector. As such, it can play an "intermediary role" in bringing developing countries to the climate change discussion since many of them face similar challenges. Groser called for a vast concerted effort by all countries to develop technology that will reduce agriculture-related emissions, and noted New Zealand's keen interest in partnering with the U.S. Department of Agriculture on this endeavor. Groser also outlined some political thorns and anti-American sentiments that might hamper any potential trade negotiations with the U.S. End summary.

Free Trade with NZ - The Hour is Not Yet Here

¶2. (SBU) Groser raised the topic of the Trans-Pacific Strategic Economic Partnership (TPP) and emphasized he understood that the time was not yet ripe for Washington to move forward. He added that he had cautioned his Vietnamese and Peruvian counterparts that it would be "foolish and even counterproductive" to apply diplomatic pressure on the USG in an attempt to accelerate the time schedule beyond that dictated by the White House's internal process. Groser expressed his confidence that the U.S. Administration is fully interested in moving forward on multilateral trade at the right time. However, he said it is essential for the United States to eventually join the TPP for the agreement to be useful - "a TPP without the U.S. is like a meal of steak and potatoes without the meat dish."

Shifting the Focus of International Trade to Climate Change

¶3. (SBU) Turning to the subject of climate change, Groser explained that the Kyoto Protocol put New Zealand in a unique position as only the developed country (Annex 1 country) with the largest proportion of its greenhouse gases coming from agriculture - 49 percent. The size of New Zealand agriculture emissions is a function of the size of its agriculture output. (Note: About 90 percent of the food New Zealand produces is exported. End note.) Hence, for New Zealand, reduction of its carbon footprint is closely tied to income security. Many developing countries have a carbon footprint similar to that of New Zealand - one that is more heavily composed of ag-related greenhouse gases. Greenhouse gas emissions from agriculture average 27 percent for all developing countries; for Brazil it is 58 percent; and for India it is 21 percent. For developing countries, however, reducing their carbon footprint becomes a matter of food security.

¶4. (SBU) According to Groser, moving forward on a successor agreement to Kyoto must include the participation of developing countries, and the international community must come to terms with ag-related greenhouse gases. The issue must be dealt with in a way that does not force developing countries to choose between food security and greenhouse gas reduction. Otherwise, developing countries will have no choice but to opt out. The key, according to Groser, is a massive, coordinated effort between countries to create technology aimed at reducing ag-related greenhouse gas emissions.

Strong Interest in Partnering with USDA on Research

¶5. (SBU) Groser emphasized that he is keenly interested in forming an alliance with the U.S. Department of Agriculture (USDA), noting his previous discussions with USDA on the matter. He said he would like to see USDA play a huge role in climate change, especially in the development of new technologies that can reduce ag-related greenhouse gas emissions. For its part, New Zealand, as a developed country with the preponderance of its emissions coming from agriculture, can bring its credibility to the table in climate change discussions with developing countries. According to Groser, New Zealand wants to play an "intermediary role" in the effort and remind the world, "don't forget agriculture."

The Politics of Supporting Free Trade with the U.S.

¶6. (C) After asking his two DFAT advisors to leave the room, Groser opened what he termed a frank political discussion. He outlined the political landmines that might befall any trade discussions with the U.S. He described Opposition Leader Phil Goff as a man under "extreme pressure." Goff himself is pro-U.S. and moderate, but there is an anti-U.S. component "at the fringe of the left wing of the Labour Party," which seeks to exploit opportunities to replace him. Bringing the U.S. into the TPP could magnify anti-U.S. rhetoric. If Goff remains opposition leader, he should be able to contain this potential. However, if Goff fails and New Zealand is in the middle of negotiations with the U.S., you could suddenly see a "real anti-American element spring up." Groser emphasized that the New Zealand Government is trying to manage this process in a "mature way" so the opposition will be brought into the process early on to seek their buy-in. Groser, however, expressed his confidence that Goff would remain at the head of the Labour Party and as opposition leader going into the next election.

CLARKE